

**Minutes of the
Tobacco Education and Research Oversight Committee
May 22, 2002 MEETING
Doubletree Hotel
2001 Point West Way
Sacramento, CA 95815**

MEMBERS PRESENT:

Bruce Allen, Lourdes Baézconde-Garbanati, Theresa Boschert, Gregory Franklin, Alan Henderson, Susanne Hildebrand-Zanki, Kirk Kleinschmidt, Rod Lew, Cheryl Raney, Dorothy Rice

MEMBERS ABSENT:

Ron Arias, Stella Aguinaga-Bialous

VACANCIES (APPOINTING AUTHORITY)

Target Population Group Representative (Governor)

OTHERS IN ATTENDANCE:

Dileep G. Bal, Chief, Cancer Control Branch, Department of Health Services (DHS)
Brian Blum, Tobacco Control Section (TCS), DHS
Francisco Buchting, Tobacco Related Disease Research Program (TRDRP), University of California (UC)
Edie Ernst, TCS, DHS
Elizabeth Gilpin, UC, San Diego
Larry Gruder, Director, Special Research Projects, UC
Cynthia Hannah, TCS, DHS
Jane Henderson, California Children and Families Commission (CCFC)
Dian Kiser, American Lung Association (ALA)
Paul Knepprath, ALA
Jon Lloyd, Chief, Data Analysis & Evaluation Unit, TCS, DHS
Donald Lyman, Chief, Chronic Disease & Injury Control Division, DHS
Peter Mackler, Southern California Policy Liaison, Office of the Director, DHS
Carolyn Martin, Tobacco Policy Consultant
Joe Munso, CCFC
Sharon Muraoka, American Cancer Society (ACS)
Tony Najera, Consultant, Office of the Director, DHS
Greg Oliva, Chief, Program Planning & Policy Development, TCS, DHS
Cathy Palmer, Chief, Administrative & Contract Support Unit, TCS, DHS
Steven Rickards, ACS
Doug Robins, Chief, Local Programs Unit, TCS, DHS
April Roeseler, Chief, Local Programs & Evaluation, TCS, DHS
Meredith Rolfe, Healthy Kids Program Office, California Department of Education
Bill Ruppert, TCS, DHS
Robin Shimizu, Assistant Section Chief, TCS, DHS
Colleen Stevens, Chief, Media Unit, TCS, DHS
Claradina Toya, American Indian Tobacco Education Network (AITEN)
Roxanna Ursua, Asian Pacific Islander Tobacco Education Network (APITEN)
Traci Verado, Next Generation, California Tobacco Control Alliance
Amy Wong, APITEN

1. **WELCOME, INTRODUCTIONS AND OPENING COMMENTS**

The Chairperson, Mr. Kirk Kleinschmidt, called the meeting to order at 9:45 a.m. Each of the Committee members introduced themselves along with the members of the audience.

2. **APPROVAL OF MINUTES, REVIEW OF CORRESPONDENCE AND ANNOUNCEMENTS**

The March 4, 2002, minutes were approved with the addition that there had been a question raised about the role and responsibility of TEROC in setting priorities, a need for clarification of the process whereby TEROC and others provide advice to the agencies, and a desire by TEROC to be better informed by agencies of new program initiatives.

The correspondence in the packets was reviewed. There had been a response from TEROC's letter to the Legislative Analyst Office, and no response has been received to the letters regarding the Framework Convention. There was a suggestion and consensus to send a letter to Senator Barbara Boxer requesting that she, as chairperson of the Subcommittee on International Operations and Terrorism, convene a hearing on the nature of the Administration's participation in the Framework Convention on Tobacco Control.

3. **UPDATE ON MASTER PLAN WORKGROUP**

The Master Plan workgroup met on April 17, 2002, and will meet again on May 23, 2002. The arrangements for the six community forums taking place between June 10-21, 2002, are being completed, and the forum agenda will be finalized on May 23, 2002. Efforts are being made to get broad participation from the tobacco control and research constituency. Participants will be strongly encouraged to provide input on how to reach the overall goal of a ten percent adult smoking prevalence rate in five years.

4. **BUDGET UPDATE**

The chairperson announced that Mr. Bob Sands from the state Department of Finance was unable to attend the meeting because he had to be at the current legislative budget hearings. The Department of Health Services (DHS) passed out a chart displaying the amounts allocated for tobacco education and research in the Fiscal Year (FY) 2001-2002 budget, in the Governor's January proposed budget for FY 2002-03, and in the May Revise (see enclosed).

For the University of California's (UC) Tobacco Related Disease Research Program (TRDRP), the Proposition (Prop) 99 funds allocated in the signed FY 2001-02 budget, in the Governor's January proposed budget for FY 2002-03, and in the May Revise, are the same.

For the Department of Education's (CDE) tobacco education program, the amount of Prop 99 funds allocated in the May Revise FY 2002-03 proposed budget is \$46,000 less than in the signed FY 2001-2 budget. The amounts were the same in the Governor's January proposed budget and in the May Revise.

For the DHS's tobacco control program, the amount of Prop 99 funds allocated in the May Revise FY 2002-03 proposed budget is \$26,195,000 less than in the signed FY 2001-02 budget. This breaks out into a \$24,152,000 reduction for the media campaign, a \$901,000 reduction for the Local Lead Agencies (LLAs), a \$915,000 reduction for the Competitive Grants, and a \$227,000 reduction for the Evaluation and TEROC. DHS had received \$20 million in Master Settlement Agreement (MSA) funds designated for Youth Anti-Tobacco in FY 2001-02. The Governor's January 2002 proposed budget increased the Youth Anti-Tobacco allocation from the MSA funds to \$35 million for DHS for FY 2002-03. However, the May Revise eliminates all MSA funds allocated for the DHS tobacco control program for FY 2002-30. The causes for the reduction were as follows:

- a projected \$21 million decrease in FY 2002-03 tobacco surtax revenue based on consumption declines resulting from the Governor's proposed 50-cent tobacco tax increase;

- an approximate \$21 million accounting error by the state Controller's Office in its January estimate of \$30 million available prior-year funds which funds had in reality been encumbered;
- FY 2002-03 MSA funds were used to fund programs previously funded by the General Fund; and,
- all future MSA funds, under securitization, would pay off the bonds and not be available for tobacco control.

There was a lengthy discussion of the May Revise budget. In response to specific questions, DHS staff stated:

- the May revision is not the final budget and there may be changes to it that either restore funding or eliminate additional funds;
- there will be reductions to the LLAs based on the statutory allocation formula;
- the media campaign will probably focus on the larger markets with TV and radio and with minimal outdoor and little or no print advertising;
- all existing contracts and those currently in negotiation are under consideration for elimination or cuts;
- contractors and potential contractors have been told that if they do not have a fully executed contract on July 1, 2002, they should not incur any expenses until they have a contract;
- DHS welcomes TEROC input, but funding decisions will have to be made quickly; and,
- it will be impossible to continue the new enforcement projects without MSA funds.

TEROC members commented extensively on the cuts. It was suggested that, with the much smaller dose of funding there will be a much smaller effect, which places in jeopardy TEROC's Master Plan goal of a ten percent adult smoking prevalence and two percent youth smoking prevalence by the year 2007. In the early 1990's when there were cutbacks in the funding, smoking prevalence went up and, according to University of California, San Francisco research, the resulting cost to the state was in the tens of millions of dollars in medical care for those who continued to smoke. The cutbacks will result in a loss of momentum, a loss of good staff from the programs, a loss of the new partners in tobacco control, and probably special populations will be affected most. A tax increase may reduce consumption, but without appropriating some of the tax to tobacco control efforts, there will be a very limited effect.

5. **LEGISLATIVE UPDATE**

Ms. Sharon Muraoka of the American Cancer Society (ACS) and Mr. Paul Knepprath of the American Lung Association (ALA) reported that it is a priority of both the ACS and ALA to support legislation to increase the tobacco tax with the money earmarked for the Prop 99 Health Education and Research Accounts. ACS has opposed securitization and ALA has no position. The Senate Budget Committee is supporting the Governor's proposed budget.

The TEROC Committee discussed the Legislature's and Governor's initiative for securitization of the MSA funds. **It was moved and passed unanimously to oppose the securitization and to send the Governor a letter advising him of TEROC's opposition to securitization and opposition to the \$35 million cut in MSA funds to the youth anti-smoking program.**

The Committee next discussed the Governor's initiative to raise the tobacco tax by 50 cents and Senator Ortiz's bill (SB 1890) to raise the tobacco tax by 65 cents. **It was moved and passed to support Senator Ortiz' bill which earmarks part of the new tobacco tax money for tobacco control.** Concerning the Governor's initiative, the discussion involved whether and how to support this, whether there should be a back-fill clause, whether to insist that 15 cents of the 50 cents go to tobacco control or add an additional 15 cents to the tax, and whether to ask for a "fairness" clause which would provide services to the smokers who are bearing the brunt of the budget deficit. **It was moved and passed to support a 50-cent increase in the tobacco tax that includes a provision to back-fill the Prop 99 Health Education and Research Accounts affected with an additional 15 cents in tobacco tax**

earmarked for the tobacco control and research programs and with the new tax adjusted annually to the Consumer Price Index. It was decided to include this in the letter to the Governor.

Ms. Theresa Boschert reported on the Senate Budget Committee hearing and her testimony on behalf of TEROC. TEROC members advised her on what to say at the Assembly Budget Committee: TEROC's position on the proposed budget, securitization and a tobacco tax increase, and that the Tobacco Control Program is working and saving lives and money for California.

It was suggested that the tobacco control program needs permanent rollover authority to minimize budget volatility and that TEROC needs to discuss this and take a position on this. The Chairman asked that this be placed on the agenda for the September TEROC meeting.

Mr. Knepprath reviewed several bills summarized in members' meeting packets. He discussed SB 1700, a controversial tobacco retailer licensing bill. It includes provisions said to reduce black market cigarettes, but does not include provisions for enforcement of tobacco control laws. ALA, ACS, and American Heart Association are working on the bill and proposing various changes. After a discussion on the legislative bills, **it was moved and passed that TEROC support AB 1768 Wayne (tobacco tax discount), AB 1867 Vargas (smoking and playground/tot-lots), and SB 1890 Ortiz (increase tobacco tax).**

Dr. Baézconde-Garbanati reported that the ethnic networks completed 85 informational visits to the various members of the legislature and had mixed results. Some legislators were supportive and others were not. The networks were told to determine their priorities because of budget cuts. Dr. Baézconde-Garbanati said there would be follow-up visits, especially to friendly legislators.

6. **PROGRAM REPORTS BY AGENCIES** (Each agency sends a written report to TEROC prior to the meeting and responds to questions at the meeting.)
 - 6a. UC TRDRP Report. UC has submitted three abstracts to the National Conference on Tobacco or Health (NCTH). UC will be awarding the TRDRP grants for the current year in June. The TRDRP Annual Investigators Meeting (AIM), which will take place in San Jose on December 4 and 5, 2002, will have the theme of "Women and Smoking". On the last day of the AIM meeting, UC will be formally asking for input from participants on what is working and what is not working and for suggestions for future directions of TRDRP.
 - 6b. CDE Program Report. CDE highlighted the portion of their written report regarding the grant awards. In response to a question concerning the method used for scoring proposals, they responded that they use reviewers from county offices of education, school districts, and CDE staff, and average the three readers' scores on each proposal. They passed out an organizational chart and budget (see enclosed), pointed out vacancies and the reduction in state operations, and responded to questions.
 - 6c. DHS Program Report. DHS stated the report sent to TEROC two weeks earlier is now out of date because of the proposed funding cuts. The organization chart was passed out (see enclosed) and explained, and some questions regarding vacancies were answered. DHS related that TCS is working closely with the planning committee for the NCTH scheduled for November 18-21, 2002. The TEROC abstract has been approved and will be mailed to TEROC members. The Wave III Independent Evaluation report that was received May 20, 2002, is now in the Departmental review and approval process and may be released by August.

Media – DHS reported that media ideas and creative are currently being tested in focus groups. Additionally, the advertising agency has been audited and the report would be out in one or two

weeks. Finally, the tobacco industry has been on the offensive and has been demanding and copying all records from TCS and its contractors, including TEROC records. The industry requests are comprehensive, and even include requests for future plans. The Office of the Attorney General is working with TCS on these requests. TEROC asked to receive at the next meeting the media plans and budget for next year.

Evaluation – DHS shared slides concerning its surveillance and evaluation components and budget and some of the latest data (see enclosed). Dr. Elizabeth Gilpin from the University of California, San Diego reviewed the purpose and history of California Tobacco Survey conducted in 1990, 1992, 1993, 1996, and 1999. She highlighted some of the more important outcomes, with emphasis on consumption trends and youth and adult smoking prevalence (see enclosed). She reported that even though adult smoking prevalence has been flat, daily smoking continues to decline and the proportion of current smoker who smoke less than 15 cigarettes per day or who do not smoke everyday is increasing in California.

- 6d. California Children and Families Commission Report (CCFC). CCFC was invited to provide an update on their activities. CCFC stated that the primary focus of the Proposition 10 anti-tobacco funds is on smoking during pregnancy and second hand smoke in the home. They reported that 44 percent of white women smokers, and 33 percent of African American women smokers continue to smoke during pregnancy, with much lower rates in Hispanic and Asian women smokers. CCFC has spent \$12 million on anti-smoking media and plans on spending an additional \$5 million in the summer. Approximately one third of their media expenditure is for anti-tobacco spots. They have provided \$3 million to DHS to help augment the California Smokers' Helpline and \$600,000 to physicians for OB/GYN anti-smoking education. It was stated that the Commission has no authority mechanism to require local Commissions to spend some of the money on tobacco education, but that guidelines recommending this are provided and that most have some anti-tobacco activities. They plan to provide a kit for 500,000 new parents each year. The kit includes information on the second hand smoke in the home and on how to get help with quitting. A report on the progress toward goals is due out in October.

7. **ECONOMIC IMPACT OF TOBACCO**

Professor Dorothy Rice from UC, San Francisco, explained the study she has been involved with, the The Cost of Smoking in California, 1999. Preliminary results indicate that in 1999:

- the estimate for the cost of smoking in California was \$15.8 billion, which is \$475 per resident (ages 12 and older) per year and \$3,331 per smoker per year;
- 54.3 percent of the cost is for direct medical services and 36.1 percent for lost productivity;
- 18.9 percent of California deaths in 1999 are attributed to smoking (43,137 premature deaths); and,
- approximately 12 and a half years of potential life are lost per smoking attributable death.

The report was submitted to DHS/TCS this week where it will be reviewed before it is released.

8. **OTHER BUSINESS AND NEXT MEETING DATES**

The dates for the next two regular TEROC meetings are:

September 9, 2002, in Oakland

November 7, 2002, in Los Angeles

The dates for the next two Master Plan Workgroup meetings are:

May 23, 2002, in Sacramento

July 8, 2002, in Oakland

9. **PUBLIC QUESTIONS AND COMMENTS**

A request was made from the audience that, in addition to the dates and locations, TEROC should provide the public more information on what it hoped to gain from the forums to the public. The Committee agreed and stated that after the May 23 Master Plan Workgroup meeting additional information would be distributed.

THE MEETING WAS ADJOURNED AT 4:40 p.m.

ACTION ITEMS

1. TEROC to send a letter to Senator Barbara Boxer requesting that she conduct a hearing on the Framework Convention.
2. TEROC to send a letter to Governor Davis a) opposing the \$35 million cut in the MSA funds to the DHS tobacco control program from the January FY 2002-03 budget proposal to the May Rewrite, b) opposing the securitization of the MSA funds, c) supporting a 50-cent increase in the tobacco tax with a provision for a back-fill to the Prop 99 Health Education and Research Accounts affected, and d) requesting an additional 15-cent increase in the tobacco tax which would be earmarked for the Prop 99 health education and research programs, and that builds in future tax increases based on the Consumer Price Index.
3. DHS to send to TEROC members a copy of the TEROC abstract sent to the NCTH for a presentation to be given in November.
4. Send letters of support to authors of AB 1768, AB 1867, and SB 1890.

ENCLOSURES

State budget pages displaying the May Revise
CDE organizational chart and budget
DHS/TCS organizational chart
Copy of slides from DHS/TCS evaluation presentation
Copy of slides from UCSD presentation

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